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L-00000B-00-0105

SRP Santan Expansion Project

Quarterly Report

January 2004

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SANTAN
EXPANSION PROJECT

**Prepared for
The Arizona Corporation Commission**

**Submitted by
Salt River Project**

SALT RIVER PROJECT

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KELLY J. BARR, ESQ.

Manager, Regulatory Affairs & Contracts

January 30, 2004

Chairman Marc Spitzer
Commissioner William A. Mundell
Commissioner Jeff Hatch-Miller
Commissioner Mike Gleason
Commissioner Kristin K. Mayes
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Docket No. L-00000B-00-0105, Decision No. 63611

Dear Commissioners:

Enclosed please find SRP's ninth quarterly report on the status of the Santan project. This report provides up-to-date information and documentation on the status of SRP's efforts to comply with each condition contained in the Certificate of Environmental Compatibility (CEC).

As always, please feel free to contact me if you have any additional questions or concerns.

Sincerely,



Kelly J. Barr

Enc.

cc: Lyn Farmer, Chief Administrative Law Judge
Ernest Johnson, Utilities Director
Brian Bozzo, Compliance and Enforcement Manager
Chris Kempley, Legal Director
Brian McNeil, Executive Secretary
Docket Control

Richard H. Silverman, General Manager
Richard M. Hayslip, Manager, Environmental, Land, Risk Management & Telecom

**BEFORE THE ARIZONA POWER PLANT
AND TRANSMISSION LINE SITING COMMITTEE**

In the matter of the Application of Salt
River Project Agricultural Improvement and
Power District in conformance with the
requirements of Arizona Revised Statutes
Sections 40-360-03 and 40-360.06, for a
Certificate of Environmental Compatibility
authorizing the Expansion of its Santan
Generating Station, located at the intersection
of Warner Road and Val Vista Drive,
in Gilbert, Arizona, by adding 825 megawatts
of new capacity in the form of three combined
cycle natural gas units, and associated
intraplant transmission lines.

Case No. 105

Docket No. L-00000B-00-0105

Decision No. _____

CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Pursuant to notice given as provided by law, the Arizona Power Plant and
Transmission Line Siting Committee (the "Committee") held public hearings at the
Dobson Ranch Inn, 1644 South Dobson Road, Mesa, Arizona, on September 14, 2000,
and various days following, in conformance with the requirements of Arizona Revised
Statutes section 40-360 *et seq.*, for the purpose of receiving evidence and deliberating
on the Application of Salt River Project Agricultural Improvement and Power District
("Applicant") for a Certificate of Environmental Compatibility in the above-captioned
case (the "Application").

The following members or designees of members of the Committee were present
for the hearing on the Application:

Paul A. Bullis Chairman, Designee for Arizona Attorney General Janet
Napolitano

Steve Olea Designee of Chairman of the Arizona Corporation
Commission

1	Richard Tobin	Designee for the Arizona Department of Environmental Quality
2		
3	Dennis Sundie	Designee for the Director of the Department of Water Resources
4		
5	Mark McWhirter	Designee for the Director of the Energy Office of the Arizona Department of Commerce
6	George Campbell	Appointed Member
7	Jeff McGuire	Appointed Member
8	A. Wayne Smith	Appointed Member
9	Sandie Smith	Appointed Member
10	Mike Whalen	Appointed Member

11 The Applicant was represented by Kenneth C. Sundlof, Jr., Jennings, Strouss &
12 Salmon PLC. There were seventeen intervenors: Arizona Utilities Investor Association,
13 by Ray Heyman; Arizona Corporation Commission Staff, by Janice Alward; Arizona
14 Center for Law in the Public Interest, by Timothy Hogan, Mark Kwiat, Elisa Warner,
15 David Lundgreen, Cathy LaTona, Sarretta Parrault, Mark Sequeira, Cathy Lopez,
16 Michael Apergis, Marshal Green, Charlie Henson, Jennifer Duffany, Christopher
17 Labban, Bruce Jones and Dale Borger. There were a number of limited appearances.

18 The Arizona Corporation Commission has considered the grant by the Power
19 Plant and Line Siting Committee of a Certificate of Environmental Compatibility to SRP
20 and finds that the provisions of A.R.S. §40-360.06 have complied with, and, in addition,
21 that documentary evidence was presented regarding the need for the Santan Expansion
22 Project. Credible testimony was presented concerning the local generation deficiency in
23 Arizona and the need to locate additional generation within the East Valley in order to
24 minimize transmission constraints and ensure reliability of the transmission grid. The
25 evidence included a study that assessed the needs of the East Valley. The analysis

1 found that the East Valley peak load currently exceeds the East Valley import capability
2 and within the next 5 years the East Valley load will exceed the load serving capability.

3 Additional testimony was presented regarding SRP's projected annual 3.7% load
4 growth in its service territory. By 2008, SRP will need approximately 2700 MW to meet
5 its load. This local generation plant will have power available during peak periods for
6 use by SRP customers.

7 At the conclusion of the hearing and deliberations, the Committee, having
8 received and considered the Application, the appearance of Applicant and all
9 intervenors, the evidence, testimony and exhibits presented by Applicant and all
10 intervenors, the comments made by persons making limited appearances and the
11 comments of the public, and being advised of the legal requirements of Arizona Revised
12 Statutes Sections 40-360 to 40-360.13, upon motion duly made and seconded, voted to
13 grant Applicant the following Certificate of Environmental Compatibility (Case No. L-
14 00000B-00-0105):

15 Applicant and its assignees are granted a Certificate of Environmental
16 Compatibility authorizing the construction of an 825 megawatt generating facility
17 consisting of three combined cycle units with a total net output of 825 megawatts
18 together with related infrastructure and appurtenances, in the Town of Gilbert, on
19 Applicant's existing Santan Generating Station site, and related switchyard and
20 transmission connections, as more specifically described in the Application (collectively,
21 the "Project"). Applicant is granted flexibility to construct the units in phases, with
22 different steam turbine configurations, and with different transmission connection
23 configurations, so long as the construction meets the general parameters set forth in the
24 application.
25

1 This certificate is granted upon the following conditions:

- 2 1. Applicant shall comply with all existing applicable air and water pollution
3 control standards and regulations, and with all existing applicable
4 ordinances, master plans and regulations of the State of Arizona, the
5 Town of Gilbert, the County of Maricopa, the United States, and any other
6 governmental entities having jurisdiction.

7 **Status ~ ADEQ issued an official notification on December 4, 2003**
8 **regarding SRP's Aquifer Protection Permit (APP) that was submitted to**
9 **ADEQ on August 28, 2003. The ADEQ notice indicates that the APP**
10 **documentation is administratively complete. The substantive review of**
11 **the application is proceeding within ADEQ's licensing timeframe. The**
12 **ADEQ also requires a Re-use Permit to discharge SEP effluent into the**
13 **Roosevelt Water Conservation District (RWCD) canal. SRP is finalizing**
14 **the permit application and documentation that will be submitted by**
15 **February 6, 2004. The Arizona Pollution Discharge Elimination System**
16 **(AZPDES) permit application, submitted on July 1, 2003, is currently**
17 **being reviewed by ADEQ.**

- 18 2. This authorization to construct the Project will expire five (5) years from
19 the date the Certificate is approved by the Arizona Corporation
20 Commission unless construction of the Project is completed to the point
21 that the project is capable of operating at its rated capacity; provided,
22 however, that Applicant shall have the right to apply to the Arizona
23 Corporation Commission for an extension of this time limitation.

24 **Status ~ The Heat Recovery Steam Generators (HRSGs) are under**
25 **construction. All HRSG modules and steam drums have been installed.**
26 **All exhaust stacks have been erected. SRP has received delivery of the**
27 **Unit 5A combustion turbine and generator. Unit 5 steam turbine**
28 **building steel erection is complete and the bridge crane is installed and**
29 **tested. All Generation Station Unit transformers (GSUs) are placed and**
30 **being dressed out with various miscellaneous pieces of support**
31 **equipment. Approximately 600 workers are presently on site.**
32 **Construction of the natural gas pipeline is complete. Commissioning**
33 **for initial operation of the pipeline awaits ACC approval of construction**
34 **and testing documentation.**

- 35 3. Applicant's project has two (2) approved transmission lines emanating
36 from its power plant's transmission switchyard and interconnecting with
37 the existing transmission system. This plant interconnection must satisfy
38 the single contingency criteria (N-1) without reliance on remedial action
39 such as a generator unit tripping or load shedding.

40 **Status ~ No update or change from October 2003 quarterly report.**

- 41 4. Applicant shall use reasonable efforts to remain a member of WSCC, or
42 its successor, and shall file a copy of its WSCC Reliability Criteria

1 Agreement or Reliability Management System (RMS) Generator
2 Agreement with the Commission.

3 **Status ~ No update or change from October 2003 quarterly report.**

- 4 5. Applicant shall use reasonable efforts to remain a member of the
5 Southwest Reserve Sharing Group, or its successor.

6 **Status ~ No update or change from October 2003 quarterly report.**

- 7 6. Applicant shall meet all applicable requirements for groundwater set forth
8 in the Third Management Plan for the Phoenix Active Management Area.

9 **Status ~ No update or change from October 2003 quarterly report.**

- 10 7. With respect to landscaping and screening measures, including the
11 improvements listed in the IGA, Applicant agrees to develop and
12 implement a public process consistent with the process chart (Exhibit 89)
13 presented during the hearings, modifying the dates in the IGA with the
14 Town of Gilbert, if necessary, to correspond with the schedule in Exhibit
15 89.

16 The new Community Working Group (CWG) will consist of 12 members,
17 selected as follows: one member selected by the Town of Gilbert, four
18 members selected by neighborhood homeowner associations, four
19 representatives selected by intervenors, and three members selected by
20 SRP (not part of the aforementioned groups) who were part of the original
21 community working group. Applicant and landscaping consultants shall
22 act as advisors to the CWG. CWG meetings shall be noticed to and be
23 open to the general public. The initial meeting shall take place on an
24 evening or weekend in the Town of Gilbert.

25 The objective of the CWG shall be to refine the landscaping and mitigation
concept plans submitted during these hearings (Exhibit 88). The CWG shall
work to achieve appropriate visual mitigation of plant facilities and to
facilitate the design and installation of the concept plan components so as to
maximize the positive impact on the community and to increase, wherever
possible, the values of the homes in the neighboring areas. The refinement
of the mitigation plans shall be reasonably consistent with the planning
criteria of the Town of Gilbert, the desires of neighboring homeowner
associations, and the reasonable needs of Applicant.

Applicant shall retain an independent facilitator, acceptable to the CWG, to
conduct the CWG meetings. It shall be the role of the facilitator to assist in
initial education and in conducting an orderly and productive process. The
facilitator may, if necessary, employ dispute resolution mechanisms.

1 The CWG shall also assist in establishing reasonable maintenance
2 schedules for landscaping of Applicant's plant site in public-view areas.

3 Applicant will develop with the Town of Gilbert a continuous fund, to be
4 administered by the Town of Gilbert, to provide for the construction and
5 maintenance of off-site landscaping in the areas depicted in the off-site
6 landscaping concepts as developed by the CWG in an amount sufficient to
7 fund the concepts in Exhibit 88 or concepts developed by the CWG,
8 whichever is greater.

9 **Status ~**

10 **Onsite Landscaping Program ~**

11 *The landscape contractor was hired in May 2003 and has begun onsite
12 landscaping activities that include shaping the berms, installing gabion
13 walls, building masonry decorative walls, clearing the land of scrub,
14 trimming and watering existing trees, installing irrigation facilities,
15 planting trees and shrubs on the north and west berms, installing
16 fencing and spreading decomposed granite ground cover. Work has
17 also begun in the "Trails Area" to the east of the power plant. See
18 status of Conditions 9 and 28 for more details.*

19 **Home Owners' Association (HOA) Offsite Landscaping Program ~**

20 *Nineteen (19) HOAs are within the defined radius and eligible to
21 participate in the program. While all nineteen (19) HOAs initially agreed
22 to participate in the program, only seventeen HOAs submitted
23 landscaping plans. The deadline for participation in the HOA Offsite
24 Landscaping Program was May 2003.*

25 *SRP will make a one-time payment to the HOAs to fund improvements
to help mitigate views of the power plant. Future annual payments to
the HOAs for offsite landscaping maintenance will be 5% of that portion
of the one time allocation dedicated to vegetative landscaping. The
annual payments will continue for a period of twenty (20) years
beginning in 2004.*

*SRP provided the final disbursement on November 19, 2003 for the
remaining three HOAs participating in the program. All seventeen
HOAs have now received their funds for a total disbursement of
\$1,327,188.*

Individual County Landscaping Program ~

No update or change from October 2003 quarterly report.

8. The visual mitigation efforts shall be in general compliance with the plans
and concepts presented in these proceedings and constitute a commitment
level by Applicant. Applicant will not reduce the overall level of mitigation as
set forth in its Application and this proceeding, except as may be reasonably
changed during the CWG process. The Town of Gilbert shall approve the
plans agreed to by the CWG.

Status ~ No update or change from October 2003 quarterly report.

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9. Applicant shall, where reasonable to do so, plant on site trees by the fall of 2001. Because planting of trees must await the improvement of Warner Road and the design and construction of berms, this condition will largely apply to trees on the East side of the site, and some of the trees on the North side. All landscaping will be installed prior to the installation of major plant equipment such as, but not limited to, exhaust stacks, combustion turbines, and heat recovery steam generators, except where delays are reasonably necessary to facilitate construction activities.

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Status ~ The ACC conducted a compliance inspection followed by a meeting with intervenors and SRP on September 22, 2003 to address an emergency hearing request from a neighbor and an adjacent Home Owners Association ("the Complainants") regarding landscaping/mitigation efforts. A hearing on the issues commenced on Monday, September 29, 2003. During the hearing, SRP and the Complainants were able to reach a settlement of the issues as a result of continued negotiations. Unfortunately the parties have not yet been able to execute a final, written settlement agreement. Nevertheless, SRP has accelerated the landscaping work on the north and west berms. As soon as a formal settlement agreement is executed, SRP will provide some additional landscape screening on the north side of Warner Road. See Conditions 7 and 28 for further detail on landscaping activities.

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10. Applicant shall operate the Project so that during normal operations the Project shall not exceed the most restrictive of applicable (i) HUD residential noise guidelines, (ii) EPA residential noise guidelines, or (iii) applicable City of Tempe standards. Additionally, construction and operation of the facility shall comply with OSHA worker safety noise standards. Applicant agrees that it will use its best efforts to avoid during nighttime hours construction activities that generate significant noise. Additionally, Applicant agrees to comply with the standards set forth in the Gilbert Construction Noise Ordinance, Ordinance No. 1245, during construction of the project. In no case shall the operational noise level be more than 3 db above background noise as of the noise study prepared for this application. The Applicant shall also, to the extent reasonably practicable, refrain from venting between the hours of 10:00 p.m. and 7:00 a.m.

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Status ~ No update or change from October 2003 quarterly report.

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11. Applicant will work with the Gilbert Unified School District to assist it in converting as many as possible of its school bus fleet to green diesel or other alternative fuel, as may be feasible and determined by Gilbert Unified School District, and will contribute a minimum of \$330,000 to this effort.

Status ~ SRP delivered and dedicated three new eighty-four passenger school buses to the Town of Gilbert on December 8, 2003. Additionally,

1 ***thirty-three new or existing buses have been fitted or retrofitted with***
2 ***diesel oxidation catalysts. SRP has completed the activity required by***
3 ***this condition.***

- 4 12. Applicant shall actively work with all interested Valley cities, including at a
5 minimum, Tempe, Mesa, Chandler, Queen Creek and Gilbert, to fund a
6 Major Investment Study through the Regional Public Transit Authority to
7 develop concepts and plans for commuter rail systems to serve the growing
8 population of the East Valley. Applicant will contribute a maximum of
9 \$400,000 to this effort.

10 ***Status ~ SRP and the Town of Gilbert have kicked-off the second phase***
11 ***of the Gilbert Transportation Study. Stantec (the company hired by the***
12 ***Town of Gilbert to do this work) presented preliminary plans to both the***
13 ***Town of Gilbert and SRP on November 24, 2003. Final plans are to be***
14 ***delivered to the Town of Gilbert by the end of the second quarter.***

- 15 13. Within six months of approval of this Order by the Arizona Corporation
16 Commission, Applicant shall either relocate the gas metering facilities to the
17 interior of the plant site or construct a solid wall between the gas metering
18 facilities at the plant site and Warner Road. The wall shall be of such
19 strength and size as to deflect vehicular traffic (including a fully loaded
20 concrete truck) that may veer from Warner Road to the gas-metering site.

21 ***Status ~ SRP has completed the activity required by this condition.***

- 22 14. Applicant will use only SRP surface water, CAP water or effluent water for
23 cooling and power plant purposes. The water use for the plant will be
24 consistent with the water plan submitted in this proceeding and acceptable
25 to the Department of Water Resources. Applicant will work with the Town of
26 Gilbert to attempt to use available effluent water, where reasonably feasible.

27 ***Status ~ Through December 2003, SRP had delivered a total of 25,193***
28 ***acre feet of CAP water to the Granite Reef Underground Storage Project***
29 ***for future use at SEP via recovery from any SRP owned wells***
30 ***(Association or District) and delivered to SEP from the Eastern Canal***
31 ***(or on-site District wells). SRP is on target to meet or exceed the storage***
32 ***of 30,000 acre feet of CAP water by May 2005.***

- 33 15. Applicant agrees to comply with all applicable federal, state and local
34 regulations relative to storage and transportation of chemicals used at the
35 plant.

36 ***Status ~ No update or change from October 2003 quarterly report.***

- 37 16. Applicant agrees to maintain on file with the Town of Gilbert safety and
38 emergency plans relative to emergency conditions that may arise at the
39 plant site. On at least an annual basis Applicant shall review and update, if

1 necessary, the emergency plans. Copies of these plans will be made
2 available to the public and on Applicant's web site. Additionally Applicant
3 will cooperate with the Town of Gilbert to develop an emergency notification
4 plan and to provide information to community residents relative to potential
5 emergency situations arising from the plant or related facilities. Applicant
6 agrees to work with the Gilbert police and fire departments to jointly develop
7 on site and off-site evacuation plans, as may be reasonably appropriate.
8 This cooperative work and plan shall be completed prior to operation of the
9 plant expansion.

10 **Status ~ No update or change from October 2003 quarterly report.**

- 11 17. In obtaining air offsets required by EPA and Maricopa County, Applicant will
12 use its best efforts to obtain these offsets as close as practicable to the plant
13 site.

14 **Status ~ No update or change from October 2003 quarterly report.**

- 15 18. In order to reduce the possibility of generation shortages and the attendant
16 price volatility that California is now experiencing, SRP will operate the
17 facilities consistent with its obligation to serve its retail load and to maintain a
18 reliable transmission system within Arizona.

19 **Status ~ No update or change from October 2003 quarterly report.**

- 20 19. Beginning upon operation of the new units, Applicant will establish a citizens'
21 committee, elected by the CWG, to monitor air and noise compliance and
22 water quality reporting. Applicant will establish on-site air and noise
23 monitoring facilities to facilitate the process. Additionally Applicant shall
24 work with Maricopa County and the Arizona Department of Environmental
25 Quality to enhance monitoring in the vicinity of the plant site in a manner
acceptable to Maricopa County and the Arizona Department of
Environmental Quality. Results of air monitoring will be made reasonably
available to the public and to the citizens' committee. Applicant shall provide
on and off-site noise monitoring services (at least on a quarterly basis),
testing those locations suggested by the citizens' committee. The off-site air
monitoring plan shall be funded by the Applicant and be implemented before
operation of the plant expansion.

Status ~ No update or change from October 2003 quarterly report.

20. Applicant will explore, and deploy where reasonably practicable, the use of
available technologies to reduce the size of the steam plumes from the unit
cooling towers. This will be a continuing obligation throughout the life of the
plant.

Status ~ No update or change from October 2003 quarterly report.

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21. SRP will, where practicable, work with El Paso Natural Gas Company to use the railroad easements for the installation of the new El Paso gas line.

Status ~ SRP has completed the activity required by this condition.

22. Other than the Santan/RS 18 lines currently under construction, Applicant shall not construct additional Extra High Voltage transmission lines (115kV and above) into or out of the Santan site, including the substation on the site.

Status ~ No update or change from October 2003 quarterly report.

23. Applicant will replace all Town of Gilbert existing street sweepers with certified PM10 efficient equipment. A PM10 efficient street sweeper is a street sweeper that has been certified by the South Coast Air Quality Management District (California) to comply with the District's performance standards under its Rule 1186 (which is the standard referenced by the Maricopa Association of Governments).

Status ~ SRP has completed the activity required by this condition.

24. Applicant shall work in a cooperative effort with the Office of Environmental Health of the Arizona Department of Health Services to enhance its environmental efforts.

Status ~ No update or change from October 2003 quarterly report.

25. Applicant shall operate, improve and maintain the plant consistent with applicable environmental regulations and requirements of the Environmental Protection Agency, the Arizona Department of Environmental Quality, Maricopa County and the Town of Gilbert.

Status ~ No update or change from October 2003 quarterly report.

26. Applicant shall actively work in good faith with Maricopa County in its efforts to establish appropriate standards relative to the use of distillate fuels in Valley generating facilities.

Status ~ SRP has completed the activity required by this condition.

27. Applicant shall install continuous emission monitoring equipment on the new units and will make available on its website emissions data from both the existing and new units according to EPA standards. Applicant shall provide information to the public on its website in order to assist the public in interpreting the data, and provide viable information in a reasonable time frame.

Status ~ No update or change from October 2003 quarterly report.

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28. Applicant will comply with the provisions of the Intergovernmental Agreement dated April 25, 2000 between Applicant and the Town of Gilbert, as modified pursuant to this Certificate.

Status ~ There are eight SRP obligations noted on the IGA. The status of each obligation is as follows:

Improvements to Warner Road and Val Vista Road ~ Under the terms of the settlement reached between SRP and the Complainants, SRP has agreed to provide additional funds to the Rancho Cimarron Property Owners Association for additional landscape screening on the north side of Warner Road. As soon as a formal written settlement agreement is executed, SRP will provide the additional funds for the enhanced landscaping. See status of condition 9 for more details.

Screening of the Plant ~ SRP, in conjunction with Ten Eyck Landscape Architects, has developed construction documents for the agreed onsite design. The CWG has reviewed and approved the documents. The Town review is complete. The RFP for landscape construction was issued on April 3, 2003. The contract was awarded on May 29, 2003 to Evergreen Lawn Sprinklers, Inc. Contractor mobilization was June 26, 2003. See status of Conditions 7 and 9 for more details.

Trail Extension ~ SRP will add the trail extension on the east side of Santan and has incorporated the extension in the on-site design plan.

Rerouting of Canal at Ray Road ~ This canal modification is complete.

Training Tower Removal ~ This training tower was removed in the fall of 2000.

Revegetation Along New RS 18 Line ~ SRP has restored any vegetation damaged or destroyed along the RS 18 line as a result of the construction of the line.

Dust Control Along Canals ~ SRP is in compliance with applicable PM-10 standards along SRP canal banks.

Offsite Tree Planting ~ The offsite landscaping programs have been developed and the funding for such programs is complete. See Condition 7 status for more details.

29. During the proceeding neighbors to the plant site raise significant concern about the impact of the plant expansion on residential property values. In performing each of the conditions in this order Applicant, in conjunction where applicable, with the Town of Gilbert and the plant site neighbors, shall consider and attempt to maximize the positive effect of its activities on the values of the homes in the surrounding neighborhoods.

Status ~ Pursuant to the terms of the settlement between the Complainants and SRP, SRP agreed to accelerate the landscaping work on the north and west berms and to provide additional landscape screening on the north side of Warner Road. Although a formal settlement agreement is yet to be executed, SRP has accelerated the landscaping on the berms and will provide additional funds to enhance

1 ***the screening along the north side of Warner Road when the settlement***
2 ***agreement is complete. See Condition 9 status for more details.***

- 3 30. Applicant shall construct the auxiliary boiler stack at such height as may be
4 determined by air modeling requirements. Applicant shall situate the
5 auxiliary boiler stack so that it is not visible from off the plant site.

6 ***Status ~ This condition is no longer applicable as SRP has decided not***
7 ***to use an auxiliary boiler so no auxiliary boiler stack will be necessary.***

- 8 31. Applicant will construct the heat recovery steam generators ("HRSG")
9 approximately 15 feet below grade and will construct the HRSGs so that the
10 overall height of the HRSG module from the natural grade is no more than
11 80 feet.

12 ***Status ~ No update or change from October 2003 quarterly report.***

- 13 32. Applicant will complete the installation of the dry low NOX burners on the
14 existing units prior to the construction of the new units.

15 ***Status ~ SRP has completed the activity required by this condition.***

- 16 33. Applicant shall not transfer this Certificate to any other entity for a period of
17 20 years from the date of approval by the Corporation Commission, other
18 than as part of a financing transaction where operational responsibilities will
19 remain with Applicant, and where Applicant will continue to operate the plant
20 in accordance with this Certificate.

21 ***Status ~ No update or change from October 2003 quarterly report.***

- 22 34. Applicant shall post on its website, when its air quality permit application is
23 submitted to the Maricopa County Environmental Services Department.
24 Also, Applicant shall post on its website any official notice that may be
25 required to be posted in newspapers for its air quality permit application.

Status ~ No update or change from October 2003 quarterly report.

GRANTED this ____ day of February, 2001

ARIZONA POWER PLANT AND TRANSMISSION
LINE SITING COMMITTEE

By Paul A. Bullis

1 Its Chairman

2 **BEFORE THE ARIZONA CORPORATION COMMISSION**

3
4 In the matter of the Application of Salt)
5 River Project Agricultural Improvement and)
6 Power District in conformance with the)
7 requirements of Arizona Revised Statutes)
8 Sections 40-360-03 and 40-360.06, for a)
9 Certificate of Environmental Compatibility)
10 authorizing the Expansion of its Santan)
11 Generating Station, located at the intersection)
12 of Warner Road and Val Vista Drive,)
13 in Gilbert, Arizona, by adding 825 megawatts)
14 of new capacity in the form of three combined)
15 cycle natural gas units, and associated)
16 intraplant transmission lines.)
17 _____)

Case No. 105

Docket No. L-00000B-00-0105

Decision No. _____

18 The Arizona Corporation Commission (Commission) has conducted its review, as
19 prescribed by A.R.S. §40-360.07. Pursuant to A.R.S. §40-360.07(B), the Commission,
20 in compliance with A.R.S. §40-360.06, and in balancing the broad public interest, the
21 need for an adequate, economical and reliable supply of electric power with the desire
22 to minimize the effect thereof on the environment and ecology of the state;

23 The Commission finds and concludes that the Certificate of Environmental
24 Compatibility should be granted upon the additional and modified conditions stated
25 herein.

35. The Santan Expansion Project shall be required to meet the Lowest Achievable Emission rate (LAER) for Carbon Monoxide (CO), Nitrogen Oxides (Nox), Volatile Organic Carbons (VOCs), and particulate Matter less than ten micron in aerodynamic diameter (PM10). The Santan Expansion Project shall be required to submit an air quality permit application requesting this LAER to the Maricopa County Environmental Services Department.

Status ~ No update or change from October 2003 quarterly report.

- 1 36. Due to the plant's location in a non-attainment area, the Applicant shall not
2 use diesel fuel in the operation of any combustion turbine or heat recovery
3 steam generator located at the plant.

4 **Status ~ No update or change from October 2003 quarterly report.**

- 5 37. In obtaining emissions reductions related to Carbon Monoxide (CO)
6 emissions, Applicant shall, where technologically feasible, obtain those
7 emission reductions onsite to the Santan Expansion Project.

8 **Status ~ No update or change from October 2003 quarterly report.**

- 9 38. Beginning upon commercial operation of the new units, Applicant shall
10 conduct a review of the Santan Generating facility operations and
11 equipment every five years and shall, within 120 days of completing such
12 review, file with the Commission and all parties in this docket, a report
13 listing all improvements which would reduce plant emissions and the costs
14 associated with each potential improvement. Commission Staff shall
15 review the report and issue its findings on the report, which will include an
16 economic feasibility study, to the Commission within 60 days of receipt.
17 Applicant shall install said improvements within 24 months of filing the
18 review with the Commission, absent an order from the Commission
19 directing otherwise.

20 **Status ~ No update or change from October 2003 quarterly report.**

- 21 39. Applicant shall provide \$20,000 to the Pipeline Safety Revolving Fund on
22 an annual basis, thus improving the overall safety of pipelines throughout
23 the State of Arizona.

24 **Status ~ No update or change from October 2003 quarterly report.**

- 25 40. Where feasible, Applicant shall strive to incorporate local and in-state
contractors in the construction of the three new generation units for the
expansion project.

**Status ~ Over seventy-eight local or in-state contractors have been
engaged on jobs completed or in progress.**

41. Applicant shall construct a 10-foot high block wall surrounding the
perimeter of the Santan plant, and appropriately landscape the area
consistent with the surrounding neighborhood, unless otherwise agreed to
by the Salt River Project and the Citizens Working Group.

**Status ~ SRP has completed the construction of a 10' block wall along
the east side of the plant property. Per the landscaping plans agreed to
by SRP and the CWG, there are no further ten-foot high block walls**

1 *planned for the perimeter of the Santan plant. See status of Conditions*
2 *7, 9 and 28 for details of the onsite landscaping program.*

3
4 **APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION**
5 **COMMISSION**

6 _____
Chairman

Commissioner

Commissioner

7
8 In Witness hereof, I, Brian C. McNeil,
9 Executive Secretary of the Arizona
10 Corporation Commission, set my hand
and cause the official seal of this
11 Commission to be affixed this ____ day
of _____, 2001.

12 By: _____
13 Brian C. McNeil
14 Executive Secretary

15 Dissent: _____
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